



**Rod R. Blagojevich, Governor**  
**Barry S. Maram, Director**

## **Illinois Department of Public Aid**

201 South Grand Avenue East  
Springfield, Illinois 62763-0001

**Telephone:** (217) 782-1200  
**TTY:** (800) 526-5812

March 14, 2003

Dennis Smith, Director  
Center for Medicaid and State Operations  
Centers for Medicare and Medicaid Services  
7500 Security Blvd.  
S5-26-12  
Baltimore, MD 21244-1850

Dear Mr. Smith:

Last June, Illinois implemented SeniorCare, the prototype Pharmacy Plus waiver. To date, over 5 million prescriptions have been filled for over 150,000 low-income Illinois seniors. Clearly, this program has filled an immediate and critical need. SeniorCare operations have been problem free, making SeniorCare one of the most successful programs in the country. HHS has heralded Illinois' program as the model for states throughout the country to follow. Illinois is grateful to Secretary Thompson for the opportunity to demonstrate the value of such a program. Illinois is now ready to take the next step in addressing the need of low-income seniors to access prescription drugs while reducing the overall costs of the Medicaid program.

When you and your staff met in Baltimore with representatives of Illinois in January 2002 to reach final agreement on Illinois' Section 1115 Pharmacy Plus waiver, it was agreed that Illinois could seek to amend the waiver to expand to 250% of the Federal Poverty Level (FPL), as originally requested in the application filed by Illinois. CMS stated that the predicate for such an expansion would be data from Illinois demonstrating that seniors in the income range between 200% and 250% of FPL spent down to Medicaid eligibility. This data would provide the link between the Medicaid program and the waiver program that would justify approval of the expansion.

Illinois is now prepared to supply the requested data and hereby formally requests federal approval of an expansion to 250% of FPL in Illinois' Section 1115 demonstration awarded on January 28, 2002 as project # 11-W-00140/5

State Fiscal Year '02 data shows that, on average, approximately 4,100 seniors with incomes above 200% FPL spent down to Medicaid. The Medicaid program expended approximately \$120 million on these individuals. Further, in SFY '03, the Medicaid income eligibility standard for the AABD program rose from 85% of FPL to 100% of FPL. For seniors between 200% and 250% of FPL, this reduced the spend down amount significantly. This will have the effect of significantly increasing the number of individuals who will substantially qualify for Medicaid. The continued rise in the cost of prescription drugs will also cause more seniors to meet their spend down. Resultantly, the Department anticipates that Medicaid expenditures by the state and federal government on this population will double in FY'03.

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Because seniors in this income range have more resources, it is even more likely that SeniorCare can divert them from spending down to Medicaid. Because the individuals that do spend down are high cost individuals the expansion actually enhances Illinois' ability to stay under its cost neutrality cap and would produce significantly increased total savings in the Medicaid and Medicare programs. The true benefit is improved health outcomes for seniors by extending a benefit that has positively impacted so many Illinois seniors already while further reducing costs in the Medicaid program.

I look forward to working with you and the staff at the Centers for Medicare and Medicaid Services on expanding this vital program to more low-income Illinois seniors. If you have any questions, please contact George Hovanec, Administrator, Division of Medical Programs, at 217-782-2570.

Sincerely,

/s/

Barry S. Maram  
Director

cc: Tammi Hessen  
Cheryl Harris